

STATEMENT OF
GOVERNOR'S OFFICE OF HOMELAND SECURITY DIRECTOR
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BEFORE THE
SENATE TRANSPORTATION AND HOUSING COMMITTEE
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Thank you, Chairman Lowenthal. I appreciate the opportunity to discuss the port security and mass transit system safety, security, and disaster response programs with you this afternoon.

The bond funds provide us with a unique opportunity to significantly mitigate many of the State's infrastructure vulnerabilities. I trust this will be one of many hearings on this topic and look forward to receiving the advice and input of the Committee members.

This afternoon I would like to briefly cover four topics: (1) the Administration's risk-based approach to investing preparedness funds; (2) the partnerships the Administration uses to guide and ensure the wise, efficient and accountable investment of taxpayer dollars; (3) the Office of Homeland Security's existing experience in securing, investing and administering port and mass transit security grants and (4) explore some options for allocating the port security and mass transit security, safety and disaster response account and timeline for developing allocation criteria.

First, for background purposes, I want to share with you the Administration's general philosophy of how security funds should be invested to keep our communities safe. Our philosophy is centered on managing and mitigating risk and its components: threat, vulnerability and consequence. This approach has led to our determination that the majority of funds should be invested where the threats and vulnerabilities are greatest and the consequences most dire.

In California, the threats we face are readily apparent: major earthquakes, fires, and floods have the potential to severely disrupt our transit systems and port facilities. The potential of terrorist attacks also looms large on the horizon. The subway bombings in London in 2005, the train bombing incidents in Madrid, Spain in 2004, and in India in 2006 and 2007, the threats against New York City's subway system in 2005 and the tunnel plot in 2006, the attempted attack on USS The Sullivans in 2000, the attack of the USS Cole off the coast of Yemen, and the recent disruption of the developing plot targeting underwater tunnels connecting New York and New Jersey, clearly illustrate the capabilities and long reach of our adversaries.

In terms of vulnerabilities - our transit and maritime transportation systems pose unique challenges. These systems are in large measure, by necessity, open systems. This openness is the main vulnerability we need to address with these funds. The bond funds will allow us to

establishing better perimeters of security, increase situational awareness, enhance our detection systems and improve our capabilities to respond and quickly recover from all types of disasters. The bonds will also allow us to fill gaps identified during previous and ongoing system-wide assessments, which will continue to identify weak links that may be compromised by natural or intentional acts.

The final component of risk is easy to determine - consequences are most dire in heavily populated areas. Given these observations, we believe a premium should be placed on investing funds in projects that significantly reduce the risk of natural or intentional disasters.

We also believe investments should be guided by four additional principles: (1) bond funds should be leveraged with other investments at the federal, State and local levels; (2) long-term brick and mortar capital projects should be given a priority; (3) strong accounting mechanisms, to ensure funds are invested timely, efficiently, appropriately, and for their intended purpose, should govern the process; and (4) transparent process which allows Californians to see how bonds are being invested to protect their communities. These principles have guided our existing management of federal programs to enhance port and mass transit security.

The Office of Homeland Security, in addition to other programs, administers the Regional Transit Security Grant Program and the California Port Security Grant Program, which the Administration created with federal funds. Through this state port security grant program, we directed \$5 million to enhance security at our ports. Additionally, the office also provides technical assistance to California ports and mass transit agencies in their interactions with U.S. Department of Homeland Security and its grant programs. Combined, these programs have directed over \$250 million to enhance security at our ports and mass transit systems (\$170 million for port security and \$75 million for mass transit security). Our experiences with these programs have resulted in a firm belief in the benefits of regional collaboration and coordination.

The Office of Homeland Security participates in the three Area Maritime Security Committees (AMSCs), which are chaired by the United States Coast Guard. These committees have conducted security assessment at each of California's major ports. In addition to participating in these regional bodies, OHS routinely meets with a broad spectrum of port security officials to identify security needs. These stakeholders conservatively estimated that approximately \$85 million was needed to address short-term port security needs, not including those costs associated with construction, operational and maintenance projects.

With respect to mass transit security, the Office of Homeland Security has established four Regional Transportation Security Working Groups (RTSWG) that work to foster regional collaboration. The groups are located in the following areas: Los Angeles and Orange County; the Bay Area; San Diego; and Sacramento.

The systems that participate in these working groups have already crafted Security Emergency Preparedness Plans (SEPP) for their individual systems. Each of these regions has also been part of a planning process that put a Regional Transit Security Strategy (RTSS) in place. Bond funds would significantly augment the goals in these regional strategies.

State-wide coordination has also been significantly enhanced with the Governor's establishment of the California Maritime Security Council. The California Maritime Security Council will take a state-wide look at maritime security and develop mechanisms to ensure our ports are prepared to respond to catastrophic events. The Council will also standardize information sharing systems, identify best security and training practices, and secure additional federal resources. We would welcome your involvement in this council.

At this point, let me address the options and timelines for allocating port security and transit system, security and disaster response bonds. First, we believe the establishment of a California Port Security Grant Program will be relatively quick and investments should be guided by previous vulnerability assessments, the State's homeland security strategy, and the California Maritime Security Council.

We are confident that a comprehensive investment plan can be developed by July. We also believe 75 percent of the funds (\$75 million) could be invested within the next three years. The remainder, \$25 million, could be drawn down in the subsequent three years. We think these funds should be allocated regionally, based upon risk.

Historically, port security grant funds have not focused on large-scale capital improvement needs such as construction or renovation. Therefore, a premium will be placed on capital projects, along with the emergency planning and preparation efforts as approved by the voters of California.

Funds will be invested to focus on identified security vulnerabilities such as: controlling access to secure areas; providing a greater degree of safety to port workers and communities; increasing our ability to detect chemical, biological and radiological agents; and developing better plans to quickly recover from a catastrophic event.

Now let us turn to the establishment of the Transit System Safety, Security, and Disaster Response (TSSDR) Program, for which \$1 billion is available. We believe these funds should also be targeted on a regional basis, to systems with the most risk. We are currently considering the merits of a proposal that would divide the \$1 billion into two separate accounts: \$500 million for security related projects in major urban areas and \$500 million for safety, security and disaster response. Each account would have different requirements for the allocation of projects.

Security related funding would focus on transit systems in high-threat, high density urban areas. The formula for allocation will largely rely on the track miles, route miles, number of stops, number of passengers and the location of the system. The Safety, Security and Disaster Response portion would allow for all rail, bus and ferry transit operators to apply for funding. The formula for allocation in this program could be a base plus population formula dependent on the size of the operator.

We are in the process of working with our operators and partners to determine the most appropriate method for making allocations among rail, bus and ferry systems. We routinely meet with federal, state and local transportation security officials to identify vulnerabilities and best security practices. These meetings have contributed to the Transportation Security

Administration's development of baseline security standards derived from six fundamental principles, which are: (1) protect high-risk consequence underground/underwater assets and systems; (2) protect other high-risk consequence assets and systems identified in vulnerability assessments; (3) use visible, unpredictable deterrence; (4) plan and conduct awareness and response training for key personnel; (5) plan and conduct emergency drills and exercises; and (6) plan and conduct public awareness and preparedness campaigns.

We will continue to regularly meet with transportation security officials to compare these baseline security standards against actual security status and develop plans to close gaps between these baseline and actual standards. As we formalize these meetings, we would welcome the Committees involvement. In the meantime, I am certain there will be ample opportunities for us to exchange ideas on how to best invest and allocate these funds.

Finally, let me assure you that we are committed to investing these funds in a strategic manner to ensure we maximize security improvements throughout the State's maritime and transit systems.

We look forward to working with the Committee and other members of the Legislature throughout the development and implementation of these grant programs.